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Croatia

Wine

Market Brief

2005

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Report Highlights:

Croatia provides a unique opportunity for U.S. wine exporters to position their product in this future EU member country. Disposable per capita income is growing, and the supermarket sector is expanding creating an opportunity for mass wine retailing. U.S. wine exporters should focus their market entry efforts on Zagreb, the nation's capital, where niches exist for medium and higher quality wines.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Vienna [AU1]
[HR]

Market Overview

Market Size and Trends

For many years during Socialism, the Croatian wine consumer was surrounded almost exclusively with domestic wines. However, after Croatia's succession from former-Yugoslavia and the change to capitalism the wine market opened, and some foreign wines began to enter the country. Since Croatians take great pride in their own wines, the market for foreign wines has not changed overnight. Instead, the market is still developing and will grow as the standard of living rises. This is especially true for the market segment of medium to higher quality wines and for consumers in Zagreb, the Croatian capital, where people have higher income and want to experiment with new wines and tastes. In addition, Croatia is an EU Accession candidate country and is expected to begin negotiations soon (with possible accession 2007). EU Accession would result in a drop in tariffs for U.S. wines from the present 15 to 55 percent level to 8 percent.

In 2003, annual average wine consumption per capita (total population is 4.3 million) was 12.79 liters, which reflected a 16.7 % increase compared to 2001 indicating wine culture and consumption are on the upswing.

Domestic wine production is a very important segment of Croatian agriculture to the Government of Croatia because it plays an important role in tourism. Croatia, with its long coastlines along the Adriatic Sea, is positioning itself as a tourist destination. As a result, the Government would like vineyards to expand by 13,000 ha by 2007 (or before Croatia becomes an EU member). The expansion is to be achieved through new lines of credit that have State guarantees, promoting domestic production (i.e. better market positioning for domestic products, "Buy Croatian" ad campaign by the Croatian Chamber of Economy), organizing the wine market, producer education, and higher subsidies. It should be noted that Croatia has a rich tradition of grape cultivation and wine production. In the fourth century B.C., Greek colonist started wine growing on the Adriatic coast. Romans and later modern day Croatians built on the Greek wine growing tradition.

According to official statistics in 2003, there were 57,000 ha of vineyards in Croatia but the State Official Registry of Grape and Wine Producers cites only about 13,337 ha as active production that produce about 1.3 million hl of wine. The difference between the two is explained by home use vineyards and abandoned vineyards. Croatia in 2003 produced 333,327 MT of grapes and 1,768,000 hl of wine.

Imports and Exports

Wine is one of the few agricultural products that has a trade surplus. At the same time, Croatia imported between US\$ 10 – 15 million of foreign wines in 2003 and 2004. Imports from the U.S. are currently negligible although this product has no trade barriers (phytosanitary and/or food safety issues) except relatively high tariffs, which will drop with Croatia's EU accession.

Croatia exports wines mostly to Bosnia & Herzegovina, Germany and Poland. In 2003 Croatia exported \$ 209,000 worth of wines to the U.S. and imported \$ 59,000 from the US.

Wine Trade Statistics

| Reporting Country: Croatia Top 10 Ranking | Import | | | | Export | | | |
|-------------------------------------------------|--------------------------------------|--------|--------|--------|--------------------------------------|--------|--------|--------|
| | 2000 | 2001 | 2002 | 2003 | 2000 | 2001 | 2002 | 2003 |
| | 1000\$ | 1000\$ | 1000\$ | 1000\$ | 1000\$ | 1000\$ | 1000\$ | 1000\$ |
| Macedonia (Skopje) | 361 | 0 | 0 | 3,157 | 7 | 0 | 0 | |
| Slovenia | 1,197 | 1,473 | 1,058 | 2,254 | 227 | 264 | 261 | 27 |
| Bosnia-Herzegovina | 0 | 667 | 792 | 2,038 | 1,818 | 2,589 | 2,944 | 3,77 |
| France | 241 | 355 | 496 | 836 | 286 | 15 | 13 | 1 |
| Italy | 273 | 344 | 657 | 708 | 332 | 252 | 203 | 35 |
| Serbia & Montenegro | 0 | 1,370 | 1,912 | 367 | 54 | 245 | 178 | 28 |
| Spain | 109 | 139 | 252 | 334 | 0 | 0 | 0 | |
| Germany | 22 | 111 | 220 | 268 | 3,064 | 2,824 | 2,920 | 3,62 |
| Australia | 14 | 35 | 56 | 187 | 5 | 26 | 9 | |
| Chile | 26 | 63 | 68 | 100 | 0 | 0 | 0 | |
| Other | 122 | 320 | 489 | 319 | 1,580 | 1,712 | 3,121 | 3,31 |
| World | 2,367 | 4,879 | 6,002 | 10,569 | 7,374 | 7,925 | 9,651 | 11,63 |
| | Croatian Stat. Institute 2004 Import | | | | Croatian Stat. Institute 2004 Export | | | |
| World | \$ 14,891,693 | | | | \$ 12,290,988 | | | |

NA - Data not available (not reported) Data: Harmonized Tariff Schedule (HS 6 Digit)

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

| Enter Summary Name Contents: wine | |
|-----------------------------------|-----------------------------------------|
| 220410 | Grape wines, sparkling |
| 220421 | Grape wines nes, fortified wine or must |
| 220429 | Grape wines, alcoholic grape must nes |

Tariffs 2005:

The United States and most of the 37 countries with which Croatia has a bilateral agreement fall under the WTO tariffs for wine that range from 15% to 55% (and including ad valorem tariffs for some products such as 10% + 87.3 Euro/100 liters) with the exception of Bosnia and Herzegovina that has free access. Concerning Croatia's bilateral agreement countries, some serve as strong competitors to the United States (such as EU countries) and have tariff quotas that are listed below. At present, tariffs are high but are expected to drop after Croatia enters the EU.

TRQs for various countries:

| | HS | TRQ (MT) | tariff in TRQ | tariff out of TRQ |
|----------------------|--------|----------|---------------|-------------------|
| EU | 220410 | 1400 | 0% | MFN |
| | 220421 | | 0% | MFN |
| | 220429 | 800 | 0% | MFN |
| Bulgaria | 2204 | 200 | 50% from MFN | MFN |
| Romania | 2204 | 100 | 70% from MFN | MFN |
| Macedonia | 2204 | 4000 | 0% | 50% from MFN |
| Moldova | 2204 | 100 | 0% | MFN |
| Serbia & Monte Negro | 2204 | 50 | 20% | MFN |

(Note: Check the latest applied custom rates on the following web page:
<http://www.carina.hr>)

Distribution

Companies that import wines usually have their own retail shops. However, a large share of imported wines goes to supermarket chains, hotels and restaurants. Supermarkets have become active in wine retailing as supermarkets have risen in general, and many foreign wines of medium quality can be found in supermarkets at present.

Market Access

Import requirements

Imported wine must have a quality certificate from the appropriate institution of the exporting country. If the exporting country is not an EU member country than the importer must get a quality certificate from the Croatian Institute of Viticulture and Enology for placing the product on the market. The Institute of Viticulture and Enology also issues so called control stamps that have to be placed on each wine bottle.

Key Contacts and Further Information

Important institutions:

Croatian Institute for Viticulture and Enology
Kneza Ljudevita Posavskog 48
10000 Zagreb
Director: dr.sc. Ljiljana Gašparec -Skocic
Tel: (385) 01 4629 222
Fax: (385) 01 4629 224
E-mail: zavod@hrzv.hr

Government of Republic of Croatia
Ministry of Agriculture and Forestry
Grada Vukovara 78
10000 Zagreb
tel. 00385(0)1 6106111
fax. 00385 (0)1 6109201
e-mail: office@mps.hr
web page: www.mps.hr

A list of Croatian wine importers is available to U.S. wine exporters and can be obtained by contacting post at:

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